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**HOUSE BILL 18**

**46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SPECIAL SESSION, 2003**

**INTRODUCED BY**

Eric A. Youngberg

**AN ACT**

**RELATING TO TAXATION; PROVIDING INCOME TAX RELIEF FOR SENIOR  
CITIZENS, FAMILIES, INDIVIDUALS AND HEADS OF HOUSEHOLD.**

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:**

Section 1. Section 7-2-5.2 NMSA 1978 (being Laws 1985,  
Chapter 114, Section 1, as amended) is amended to read:

"7-2-5.2. EXEMPTION--INCOME OF PERSONS SIXTY-FIVE AND  
OLDER OR BLIND.--Any individual sixty-five years of age or  
older or who, for federal income tax purposes, is blind may  
claim an exemption in an amount specified in Subsections A  
through C of this section not to exceed eight thousand dollars  
(\$8,000) of income includable except for this exemption in net  
income. Individuals having income both within and without this  
state shall apportion this exemption in accordance with  
regulations of the secretary.

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1                   A. For married individuals filing separate returns,  
2 for any taxable year beginning on or after January 1, 1987:

3   The maximum amount of  
4 If adjusted                           exemption allowable under  
5 gross income is:                   this section shall be:

|    |  |                                   |
|----|--|-----------------------------------|
| 6  | Not over \$15,000                                  | \$8,000                           |
| 7  | Over \$15,000 but not over \$16,500                | \$7,000                           |
| 8  | Over \$16,500 but not over \$18,000                | \$6,000                           |
| 9  | Over \$18,000 but not over \$19,500                | \$5,000                           |
| 10 | Over \$19,500 but not over \$21,000                | \$4,000                           |
| 11 | Over \$21,000 but not over \$22,500                | \$3,000                           |
| 12 | Over \$22,500 [ <del>but not over \$24,000</del> ] | <del>\$2,000</del> <u>\$2,500</u> |
| 13 | <del>[Over \$24,000 but not over \$25,500</del>    | <del>\$1,000</del>                |
| 14 | <del>Over \$25,500</del>                           | <del>0</del> ].                   |

15                   B. For heads of household, surviving spouses and  
16 married individuals filing joint returns, for any taxable year  
17 beginning on or after January 1, 1987:

18   The maximum amount of  
19 If adjusted                           exemption allowable under  
20 gross income is:                   this section shall be:

|    |                                     |         |
|----|-------------------------------------|---------|
| 21 | Not over \$30,000                   | \$8,000 |
| 22 | Over \$30,000 but not over \$33,000 | \$7,000 |
| 23 | Over \$33,000 but not over \$36,000 | \$6,000 |
| 24 | Over \$36,000 but not over \$39,000 | \$5,000 |
| 25 | Over \$39,000 but not over \$42,000 | \$4,000 |

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[bracketed material] = delete

1 Over \$42,000 but not over \$45,000 \$3,000  
2 Over \$45,000 [~~but not over \$48,000~~ ~~\$2,000~~] \$2,500  
3 [~~Over \$48,000 but not over \$51,000~~ ~~\$1,000~~  
4 ~~Over \$51,000~~ ~~0~~].

5 C. For single individuals, for any taxable year  
6 beginning on or after January 1, 1987:

| 7  |  | The maximum amount of     |
|----|--|---------------------------|
| 8  | If adjusted  | exemption allowable under |
| 9  | gross income is:   | this section shall be:    |
| 10 | Not over \$18,000  | \$8,000                   |
| 11 | Over \$18,000 but not over \$19,500  | \$7,000                   |
| 12 | Over \$19,500 but not over \$21,000  | \$6,000                   |
| 13 | Over \$21,000 but not over \$22,500  | \$5,000                   |
| 14 | Over \$22,500 but not over \$24,000  | \$4,000                   |
| 15 | Over \$24,000 but not over \$25,500  | \$3,000                   |
| 16 | Over \$25,500 [ <del>but not over \$27,000</del> <del>\$2,000</del> ] <u>\$2,500</u> |                           |
| 17 | [ <del>Over \$27,000 but not over \$28,500</del> <del>\$1,000</del>                  |                           |
| 18 | <del>Over \$28,500</del> <del>0</del> ]. "   |                           |

19 Section 2. Section 7-2-7 NMSA 1978 (being Laws 2003,  
20 Chapter 2, Section 3), which is to become effective January 1,  
21 2004, is amended to read:

22 "7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by  
23 Section 7-2-3 NMSA 1978 shall be at the following rates for any  
24 taxable year beginning in 2004:

25 A. For married individuals filing separate returns:

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| <b>If the taxable income is:</b>      | <b>The tax shall be:</b>                      |
|---------------------------------------|---|
| Not over \$4,000                      | 1.7% of taxable income                        |
| Over \$ 4,000 but not over \$ 8,000   | \$ 68.00 plus 3.2% of<br>excess over \$ 4,000 |
| Over \$ 8,000 but not over \$ 12,000  | \$ 196 plus 4.7% of<br>excess over \$ 8,000   |
| Over \$ 12,000 but not over \$ 20,000 | \$ 384 plus 6.0% of<br>excess over \$ 12,000  |
| Over \$ 20,000                        | \$ 864 plus 6.8% of<br>excess over \$ 20,000. |

**B. For heads of household, surviving spouses and married individuals filing joint returns:**

| <b>If the taxable income is:</b>      | <b>The tax shall be:</b>                        |
|---------------------------------------|---|
| Not over \$8,000                      | 1.7% of taxable income                          |
| Over \$ 8,000 but not over \$ 16,000  | \$ 136 plus 3.2% of<br>excess over \$ 8,000     |
| Over \$ 16,000 but not over \$ 24,000 | \$ 392 plus 4.7% of<br>excess over \$ 16,000    |
| Over \$ 24,000 but not over \$ 40,000 | \$ 768 plus 6.0% of<br>excess over \$ 24,000    |
| Over \$ 40,000                        | \$ 1,728 plus 6.8% of<br>excess over \$ 40,000. |

**C. For single individuals and for estates and trusts:**

| <b>If the taxable income is:</b> | <b>The tax shall be:</b> |
|----------------------------------|--------------------------|
|----------------------------------|--------------------------|

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underscored material = new  
[bracketed material] = del ete

1 Not over \$5,500 1.7% of taxable income  
2 Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of  
3 excess over \$ 5,500  
4 Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of  
5 excess over \$ 11,000  
6 Over \$ 16,000 but not over \$ 26,000 \$ 504.50 plus 6.0% of  
7 excess over \$ 16,000  
8 Over \$ 26,000 \$1,104.50 plus 6.8% of  
9 excess over \$ 26,000.

10 ~~[D.—For heads of household filing returns:~~

11 ~~—— If the taxable income is: —— The tax shall be:~~  
12 ~~Not over \$7,000 —— 1.7% of taxable income~~  
13 ~~Over \$ 7,000 but not over \$ 14,000 \$ 119 plus 3.2% of~~  
14 ~~—— excess over \$ 7,000~~  
15 ~~Over \$ 14,000 but not over \$ 20,000 \$ 343 plus 4.7% of~~  
16 ~~—— excess over \$ 14,000~~  
17 ~~Over \$ 20,000 but not over \$ 33,000 \$ 625 plus 6.0% of~~  
18 ~~—— excess over \$ 20,000~~  
19 ~~Over \$ 33,000 \$1,405 plus 6.8% of~~  
20 ~~—— excess over \$ 33,000.~~

21 ~~E.]~~ D. The tax on the sum of any lump-sum amounts  
22 included in net income is an amount equal to five multiplied by  
23 the difference between:

24 (1) the amount of tax due on the taxpayer's  
25 taxable income; and

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1 (2) the amount of tax that would be due on an  
2 amount equal to the taxpayer's taxable income and twenty percent  
3 of the taxpayer's lump-sum amounts included in net income. "

4 Section 3. Section 7-2-7 NMSA 1978 (being Laws 2003,  
5 Chapter 2, Section 4), which is to become effective January 1,  
6 2005, is amended to read:

7 "7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by  
8 Section 7-2-3 NMSA 1978 shall be at the following rates for any  
9 taxable year beginning in 2005:

10 A. For married individuals filing separate returns:

| 11 If the taxable income is:            | The tax shall be:      |
|---|------------------------|
| 12 Not over \$4,000                     | 1.7% of taxable income |
| 13 Over \$ 4,000 but not over \$ 8,000  | \$ 68.00 plus 3.2% of  |
| 14                                      | excess over \$ 4,000   |
| 15 Over \$ 8,000 but not over \$ 12,000 | \$ 196 plus 4.7% of    |
| 16                                      | excess over \$ 8,000   |
| 17 Over \$ 12,000                       | \$ 384 plus 6.0% of    |
| 18                                      | excess over \$ 12,000. |

19 B. For heads of household, surviving spouses and  
20 married individuals filing joint returns:

| 21 If the taxable income is:             | The tax shall be:      |
|--|------------------------|
| 22 Not over \$8,000                      | 1.7% of taxable income |
| 23 Over \$ 8,000 but not over \$ 16,000  | \$ 136 plus 3.2% of    |
| 24                                       | excess over \$ 8,000   |
| 25 Over \$ 16,000 but not over \$ 24,000 | \$ 392 plus 4.7% of    |

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underscored material = new  
[bracketed material] = delete

1 excess over \$ 16, 000  
2 Over \$ 24, 000 \$ 768 plus 6. 0% of  
3 excess over \$ 24, 000.

4 C. For single individuals and for estates and  
5 trusts:

| 6 If the taxable income is:                | The tax shall be:        |
|--|--------------------------|
| 7 Not over \$5, 500                        | 1. 7% of taxable income  |
| 8 Over \$ 5, 500 but not over \$ 11, 000   | \$ 93. 50 plus 3. 2% of  |
| 9  | excess over \$ 5, 500    |
| 10 Over \$ 11, 000 but not over \$ 16, 000 | \$ 269. 50 plus 4. 7% of |
| 11   | excess over \$ 11, 000   |
| 12 Over \$ 16, 000                         | \$ 504. 50 plus 6. 0% of |
| 13   | excess over \$ 16, 000.  |

14 ~~[D. For heads of household filing returns:~~

| 15 <del>If the taxable income is:</del>               | <del>The tax shall be:</del>       |
|---|------------------------------------|
| 16 <del>Not over \$7, 000</del>                       | <del>1. 7% of taxable income</del> |
| 17 <del>Over \$ 7, 000 but not over \$ 14, 000</del>  | <del>\$ 119 plus 3. 2% of</del>    |
| 18 <del></del>  | <del>excess over \$ 7, 000</del>   |
| 19 <del>Over \$ 14, 000 but not over \$ 20, 000</del> | <del>\$ 343 plus 4. 7% of</del>    |
| 20 <del></del>  | <del>excess over \$ 14, 000</del>  |
| 21 <del>Over \$ 20, 000</del>                         | <del>\$ 625 plus 6. 0% of</del>    |
| 22 <del></del>  | <del>excess over \$ 20, 000.</del> |

23 ~~E.]~~ D. The tax on the sum of any lump-sum amounts  
24 included in net income is an amount equal to five multiplied by  
25 the difference between:

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underscored material = new  
[bracketed material] = delete

1 (1) the amount of tax due on the taxpayer's  
2 taxable income; and

3 (2) the amount of tax that would be due on an  
4 amount equal to the taxpayer's taxable income and twenty percent  
5 of the taxpayer's lump-sum amounts included in net income."

6 Section 4. Section 7-2-7 NMSA 1978 (being Laws 2003,  
7 Chapter 2, Section 5), which is to become effective January 1,  
8 2006, is amended to read:

9 "7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by  
10 Section 7-2-3 NMSA 1978 shall be at the following rates for any  
11 taxable year beginning in 2006:

12 A. For married individuals filing separate returns:

| 13 If the taxable income is:            | The tax shall be:      |
|---|------------------------|
| 14 Not over \$4,000                     | 1.7% of taxable income |
| 15 Over \$ 4,000 but not over \$ 8,000  | \$ 68.00 plus 3.2% of  |
| 16                                      | excess over \$ 4,000   |
| 17 Over \$ 8,000 but not over \$ 12,000 | \$ 196 plus 4.7% of    |
| 18                                      | excess over \$ 8,000   |
| 19 Over \$ 12,000                       | \$ 384 plus 5.3% of    |
| 20                                      | excess over \$ 12,000. |

21 B. For heads of household, surviving spouses and  
22 married individuals filing joint returns:

| 23 If the taxable income is:            | The tax shall be:      |
|---|------------------------|
| 24 Not over \$8,000                     | 1.7% of taxable income |
| 25 Over \$ 8,000 but not over \$ 16,000 | \$ 136 plus 3.2% of    |

underscored material = new  
[bracketed material] = delete

1 excess over \$ 8,000  
2 Over \$ 16,000 but not over \$ 24,000 \$ 392 plus 4.7% of  
3 excess over \$ 16,000  
4 Over \$ 24,000 \$ 768 plus 5.3% of  
5 excess over \$ 24,000.

6 C. For single individuals and for estates and  
7 trusts:

8 If the taxable income is: The tax shall be:  
9 Not over \$5,500 1.7% of taxable income  
10 Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of  
11 excess over \$ 5,500  
12 Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of  
13 excess over \$ 11,000  
14 Over \$ 16,000 \$ 504.50 plus 5.3% of  
15 excess over \$ 16,000.

16 ~~[D. For heads of household filing returns:~~

17 ~~— If the taxable income is: — The tax shall be: —~~  
18 ~~Not over \$7,000 — 1.7% of taxable income~~  
19 ~~Over \$ 7,000 but not over \$ 14,000 \$ 119 plus 3.2% of~~  
20 ~~— excess over \$ 7,000~~  
21 ~~Over \$ 14,000 but not over \$ 20,000 \$ 343 plus 4.7% of~~  
22 ~~— excess over \$ 14,000~~  
23 ~~Over \$ 20,000 \$ 625 plus 5.3% of~~  
24 ~~— excess over \$ 20,000.~~

25 E.] D. The tax on the sum of any lump-sum amounts

underscored material = new  
[bracketed material] = delete

1 included in net income is an amount equal to five multiplied by  
2 the difference between:

3 (1) the amount of tax due on the taxpayer's  
4 taxable income; and

5 (2) the amount of tax that would be due on an  
6 amount equal to the taxpayer's taxable income and twenty percent  
7 of the taxpayer's lump-sum amounts included in net income."

8 Section 5. Section 7-2-7 NMSA 1978 (being Laws 2003,  
9 Chapter 2, Section 6), which is to become effective January 1,  
10 2007, is amended to read:

11 "7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by  
12 Section 7-2-3 NMSA 1978 shall be at the following rates for any  
13 taxable year beginning on or after January 1, 2007:

14 A. For married individuals filing separate returns:

| 15 If the taxable income is:            | The tax shall be:      |
|---|------------------------|
| 16 Not over \$4,000                     | 1.7% of taxable income |
| 17 Over \$ 4,000 but not over \$ 8,000  | \$ 68.00 plus 3.2% of  |
| 18                                      | excess over \$ 4,000   |
| 19 Over \$ 8,000 but not over \$ 12,000 | \$ 196 plus 4.7% of    |
| 20                                      | excess over \$ 8,000   |
| 21 Over \$ 12,000                       | \$ 384 plus 4.9% of    |
| 22                                      | excess over \$ 12,000. |

23 B. For heads of household, surviving spouses and  
24 married individuals filing joint returns:

25 If the taxable income is: The tax shall be:

underscored material = new  
[bracketed material] = delete

1 Not over \$8,000 1.7% of taxable income  
2 Over \$ 8,000 but not over \$ 16,000 \$ 136 plus 3.2% of  
3 excess over \$ 8,000  
4 Over \$ 16,000 but not over \$ 24,000 \$ 392 plus 4.7% of  
5 excess over \$ 16,000  
6 Over \$ 24,000 \$ 768 plus 4.9% of  
7 excess over \$ 24,000.

8 C. For single individuals and for estates and  
9 trusts:

10 If the taxable income is: The tax shall be:  
11 Not over \$5,500 1.7% of taxable income  
12 Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of  
13 excess over \$ 5,500  
14 Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of  
15 excess over \$ 11,000  
16 Over \$ 16,000 \$ 504.50 plus 4.9% of  
17 excess over \$ 16,000.

18 ~~[D. For heads of household filing returns:~~  
19 ~~— If the taxable income is: — The tax shall be:~~  
20 ~~Not over \$7,000 — 1.7% of taxable income~~  
21 ~~Over \$ 7,000 but not over \$ 14,000 \$ 119 plus 3.2% of~~  
22 ~~— excess over \$ 7,000~~  
23 ~~Over \$ 14,000 but not over \$ 20,000 \$ 343 plus 4.7% of~~  
24 ~~— excess over \$ 14,000~~  
25 ~~Over \$ 20,000 \$ 625 plus 4.9% of~~

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~~excess over \$ 20,000.~~

~~E.]~~ D. The tax on the sum of any lump-sum amounts included in net income is an amount equal to five multiplied by the difference between:

(1) the amount of tax due on the taxpayer's taxable income; and

(2) the amount of tax that would be due on an amount equal to the taxpayer's taxable income and twenty percent of the taxpayer's lump-sum amounts included in net income. "

Section 6. Section 7-2-14 NMSA 1978 (being Laws 1972, Chapter 20, Section 2, as amended) is amended to read:

"7-2-14. [~~LOW-INCOME COMPREHENSIVE TAX REBATE~~] FAMILY AND INDIVIDUAL REBATE. --

A. Except as otherwise provided in Subsection B of this section, any resident who files an individual New Mexico income tax return and who is not a dependent of another individual may claim a tax rebate for a portion of state and local taxes to which the resident has been subject during the taxable year for which the return is filed. The tax rebate may be claimed even though the resident has no income taxable under the Income Tax Act. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the tax rebate that would have been allowed on a joint return.

B. No claim for the tax rebate provided in this

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1 section shall be filed by a resident who was an inmate of a  
2 public institution for more than six months during the taxable  
3 year for which the tax rebate could be claimed or who was not  
4 physically present in New Mexico for at least six months during  
5 the taxable year for which the tax rebate could be claimed.

6 C. For the purposes of this section, the total  
7 number of exemptions for which a tax rebate may be claimed or  
8 allowed is determined by adding the number of federal exemptions  
9 allowable for federal income tax purposes for each individual  
10 included in the return who is domiciled in New Mexico plus two  
11 additional exemptions for each individual domiciled in New  
12 Mexico included in the return who is sixty-five years of age or  
13 older plus one additional exemption for each individual  
14 domiciled in New Mexico included in the return who, for federal  
15 income tax purposes, is blind plus one exemption for each minor  
16 child or stepchild of the resident who would be a dependent for  
17 federal income tax purposes if the public assistance  
18 contributing to the support of the child or stepchild was  
19 considered to have been contributed by the resident.

20 D. The tax rebate provided for in this section may  
21 be claimed in the amount shown in the following table:

|    |                                    |  |
|----|------------------------------------|--|
| 22 | Modified gross                     | And the total number                         |
| 23 | income is:                         | of exemptions is:                            |
| 24 | [ <del>_____</del> But Not _____ ] | <del>_____</del> 6 or                        |
| 25 | Over _____ Over _____              | 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ More |

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|    |                    |                    |                  |                  |                  |                  |                  |                  |
|----|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 1  | <del>\$ 0</del>    | <del>\$ 500</del>  | <del>\$120</del> | <del>\$160</del> | <del>\$200</del> | <del>\$240</del> | <del>\$280</del> | <del>\$320</del> |
| 2  | <del>500</del>     | <del>1, 000</del>  | <del>135</del>   | <del>195</del>   | <del>250</del>   | <del>310</del>   | <del>350</del>   | <del>415</del>   |
| 3  | <del>1, 000</del>  | <del>1, 500</del>  | <del>135</del>   | <del>195</del>   | <del>250</del>   | <del>310</del>   | <del>350</del>   | <del>435</del>   |
| 4  | <del>1, 500</del>  | <del>2, 000</del>  | <del>135</del>   | <del>195</del>   | <del>250</del>   | <del>310</del>   | <del>350</del>   | <del>450</del>   |
| 5  | <del>2, 000</del>  | <del>2, 500</del>  | <del>135</del>   | <del>195</del>   | <del>250</del>   | <del>310</del>   | <del>350</del>   | <del>450</del>   |
| 6  | <del>2, 500</del>  | <del>3, 000</del>  | <del>135</del>   | <del>195</del>   | <del>250</del>   | <del>310</del>   | <del>350</del>   | <del>450</del>   |
| 7  | <del>3, 000</del>  | <del>3, 500</del>  | <del>135</del>   | <del>195</del>   | <del>250</del>   | <del>310</del>   | <del>350</del>   | <del>450</del>   |
| 8  | <del>3, 500</del>  | <del>4, 000</del>  | <del>135</del>   | <del>195</del>   | <del>250</del>   | <del>310</del>   | <del>355</del>   | <del>450</del>   |
| 9  | <del>4, 000</del>  | <del>4, 500</del>  | <del>135</del>   | <del>195</del>   | <del>250</del>   | <del>310</del>   | <del>355</del>   | <del>450</del>   |
| 10 | <del>4, 500</del>  | <del>5, 000</del>  | <del>125</del>   | <del>190</del>   | <del>240</del>   | <del>305</del>   | <del>355</del>   | <del>450</del>   |
| 11 | <del>5, 000</del>  | <del>5, 500</del>  | <del>115</del>   | <del>175</del>   | <del>230</del>   | <del>295</del>   | <del>355</del>   | <del>430</del>   |
| 12 | <del>5, 500</del>  | <del>6, 000</del>  | <del>105</del>   | <del>155</del>   | <del>210</del>   | <del>260</del>   | <del>315</del>   | <del>410</del>   |
| 13 | <del>6, 000</del>  | <del>7, 000</del>  | <del>90</del>    | <del>130</del>   | <del>170</del>   | <del>220</del>   | <del>275</del>   | <del>370</del>   |
| 14 | <del>7, 000</del>  | <del>8, 000</del>  | <del>80</del>    | <del>115</del>   | <del>145</del>   | <del>180</del>   | <del>225</del>   | <del>295</del>   |
| 15 | <del>8, 000</del>  | <del>9, 000</del>  | <del>70</del>    | <del>105</del>   | <del>135</del>   | <del>170</del>   | <del>195</del>   | <del>240</del>   |
| 16 | <del>9, 000</del>  | <del>10, 000</del> | <del>65</del>    | <del>95</del>    | <del>115</del>   | <del>145</del>   | <del>175</del>   | <del>205</del>   |
| 17 | <del>10, 000</del> | <del>11, 000</del> | <del>60</del>    | <del>80</del>    | <del>100</del>   | <del>130</del>   | <del>155</del>   | <del>185</del>   |
| 18 | <del>11, 000</del> | <del>12, 000</del> | <del>55</del>    | <del>70</del>    | <del>90</del>    | <del>110</del>   | <del>135</del>   | <del>160</del>   |
| 19 | <del>12, 000</del> | <del>13, 000</del> | <del>50</del>    | <del>65</del>    | <del>85</del>    | <del>100</del>   | <del>115</del>   | <del>140</del>   |
| 20 | <del>13, 000</del> | <del>14, 000</del> | <del>50</del>    | <del>65</del>    | <del>85</del>    | <del>100</del>   | <del>115</del>   | <del>140</del>   |
| 21 | <del>14, 000</del> | <del>15, 000</del> | <del>45</del>    | <del>60</del>    | <del>75</del>    | <del>90</del>    | <del>105</del>   | <del>120</del>   |
| 22 | <del>15, 000</del> | <del>16, 000</del> | <del>40</del>    | <del>55</del>    | <del>70</del>    | <del>85</del>    | <del>95</del>    | <del>110</del>   |
| 23 | <del>16, 000</del> | <del>17, 000</del> | <del>35</del>    | <del>50</del>    | <del>65</del>    | <del>80</del>    | <del>85</del>    | <del>105</del>   |
| 24 | <del>17, 000</del> | <del>18, 000</del> | <del>30</del>    | <del>45</del>    | <del>60</del>    | <del>70</del>    | <del>80</del>    | <del>95</del>    |
| 25 | <del>18, 000</del> | <del>19, 000</del> | <del>25</del>    | <del>35</del>    | <del>50</del>    | <del>60</del>    | <del>70</del>    | <del>80</del>    |

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|    |                   |                   |               |               |               |               |               |                |              |
|----|-------------------|-------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|
| 1  | <del>19,000</del> | <del>20,000</del> | <del>20</del> | <del>30</del> | <del>40</del> | <del>50</del> | <del>60</del> | <del>65</del>  |              |
| 2  | <del>20,000</del> | <del>21,000</del> | <del>15</del> | <del>25</del> | <del>30</del> | <del>40</del> | <del>50</del> | <del>55</del>  |              |
| 3  | <del>21,000</del> | <del>22,000</del> | <del>10</del> | <del>20</del> | <del>25</del> | <del>35</del> | <del>40</del> | <del>45]</del> |              |
| 4  | <u>But Not</u>    |                   |               |               |               |               |               |                | <u>7 or</u>  |
| 5  | <u>Over</u>       | <u>Over</u>       | <u>1</u>      | <u>2</u>      | <u>3</u>      | <u>4</u>      | <u>5</u>      | <u>6</u>       | <u>More</u>  |
| 6  | <u>\$ 0</u>       | <u>\$1,000</u>    | <u>\$180</u>  | <u>\$281</u>  | <u>\$373</u>  | <u>\$460</u>  | <u>\$515</u>  | <u>\$605</u>   | <u>\$704</u> |
| 7  | <u>1,000</u>      | <u>3,000</u>      | <u>180</u>    | <u>281</u>    | <u>373</u>    | <u>460</u>    | <u>515</u>    | <u>640</u>     | <u>745</u>   |
| 8  | <u>3,000</u>      | <u>5,000</u>      | <u>180</u>    | <u>281</u>    | <u>373</u>    | <u>460</u>    | <u>520</u>    | <u>640</u>     | <u>745</u>   |
| 9  | <u>5,000</u>      | <u>6,000</u>      | <u>160</u>    | <u>261</u>    | <u>353</u>    | <u>445</u>    | <u>520</u>    | <u>620</u>     | <u>722</u>   |
| 10 | <u>6,000</u>      | <u>7,000</u>      | <u>135</u>    | <u>216</u>    | <u>293</u>    | <u>370</u>    | <u>440</u>    | <u>560</u>     | <u>652</u>   |
| 11 | <u>7,000</u>      | <u>8,000</u>      | <u>125</u>    | <u>201</u>    | <u>268</u>    | <u>330</u>    | <u>390</u>    | <u>485</u>     | <u>564</u>   |
| 12 | <u>8,000</u>      | <u>9,000</u>      | <u>115</u>    | <u>191</u>    | <u>258</u>    | <u>320</u>    | <u>360</u>    | <u>430</u>     | <u>500</u>   |
| 13 | <u>9,000</u>      | <u>10,000</u>     | <u>103</u>    | <u>181</u>    | <u>238</u>    | <u>295</u>    | <u>340</u>    | <u>395</u>     | <u>459</u>   |
| 14 | <u>10,000</u>     | <u>11,000</u>     | <u>85</u>     | <u>166</u>    | <u>223</u>    | <u>280</u>    | <u>320</u>    | <u>375</u>     | <u>436</u>   |
| 15 | <u>11,000</u>     | <u>12,000</u>     | <u>65</u>     | <u>156</u>    | <u>213</u>    | <u>260</u>    | <u>300</u>    | <u>350</u>     | <u>407</u>   |
| 16 | <u>12,000</u>     | <u>13,000</u>     | <u>50</u>     | <u>144</u>    | <u>208</u>    | <u>250</u>    | <u>280</u>    | <u>330</u>     | <u>383</u>   |
| 17 | <u>13,000</u>     | <u>14,000</u>     | <u>50</u>     | <u>137</u>    | <u>208</u>    | <u>250</u>    | <u>280</u>    | <u>330</u>     | <u>383</u>   |
| 18 | <u>14,000</u>     | <u>15,000</u>     | <u>45</u>     | <u>120</u>    | <u>198</u>    | <u>240</u>    | <u>270</u>    | <u>310</u>     | <u>360</u>   |
| 19 | <u>15,000</u>     | <u>16,000</u>     | <u>40</u>     | <u>105</u>    | <u>193</u>    | <u>235</u>    | <u>260</u>    | <u>300</u>     | <u>348</u>   |
| 20 | <u>16,000</u>     | <u>17,000</u>     | <u>35</u>     | <u>90</u>     | <u>170</u>    | <u>230</u>    | <u>250</u>    | <u>295</u>     | <u>343</u>   |
| 21 | <u>17,000</u>     | <u>18,000</u>     | <u>30</u>     | <u>78</u>     | <u>155</u>    | <u>220</u>    | <u>245</u>    | <u>285</u>     | <u>331</u>   |
| 22 | <u>18,000</u>     | <u>19,000</u>     | <u>25</u>     | <u>61</u>     | <u>130</u>    | <u>210</u>    | <u>235</u>    | <u>270</u>     | <u>313</u>   |
| 23 | <u>19,000</u>     | <u>20,000</u>     | <u>20</u>     | <u>49</u>     | <u>105</u>    | <u>195</u>    | <u>225</u>    | <u>255</u>     | <u>296</u>   |
| 24 | <u>20,000</u>     | <u>21,000</u>     | <u>15</u>     | <u>37</u>     | <u>80</u>     | <u>175</u>    | <u>215</u>    | <u>245</u>     | <u>284</u>   |
| 25 | <u>21,000</u>     | <u>22,000</u>     | <u>10</u>     | <u>20</u>     | <u>70</u>     | <u>160</u>    | <u>205</u>    | <u>235</u>     | <u>273</u>   |

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|    |               |               |          |          |           |            |            |            |            |
|----|---------------|---------------|----------|----------|-----------|------------|------------|------------|------------|
| 1  | <u>22,000</u> | <u>23,000</u> | <u>0</u> | <u>0</u> | <u>45</u> | <u>115</u> | <u>155</u> | <u>183</u> | <u>220</u> |
| 2  | <u>23,000</u> | <u>24,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>105</u> | <u>145</u> | <u>176</u> | <u>210</u> |
| 3  | <u>24,000</u> | <u>25,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>60</u>  | <u>135</u> | <u>169</u> | <u>200</u> |
| 4  | <u>25,000</u> | <u>26,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>45</u>  | <u>125</u> | <u>145</u> | <u>190</u> |
| 5  | <u>26,000</u> | <u>27,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>30</u>  | <u>115</u> | <u>138</u> | <u>180</u> |
| 6  | <u>27,000</u> | <u>28,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>15</u>  | <u>105</u> | <u>131</u> | <u>170</u> |
| 7  | <u>28,000</u> | <u>29,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>0</u>   | <u>95</u>  | <u>124</u> | <u>150</u> |
| 8  | <u>29,000</u> | <u>30,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>0</u>   | <u>45</u>  | <u>117</u> | <u>130</u> |
| 9  | <u>30,000</u> | <u>31,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>0</u>   | <u>30</u>  | <u>105</u> | <u>120</u> |
| 10 | <u>31,000</u> | <u>32,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>0</u>   | <u>0</u>   | <u>93</u>  | <u>115</u> |
| 11 | <u>32,000</u> | <u>33,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>0</u>   | <u>0</u>   | <u>81</u>  | <u>100</u> |
| 12 | <u>33,000</u> | <u>34,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>0</u>   | <u>0</u>   | <u>45</u>  | <u>85</u>  |
| 13 | <u>34,000</u> | <u>35,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>0</u>   | <u>0</u>   | <u>30</u>  | <u>73</u>  |
| 14 | <u>35,000</u> | <u>36,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>0</u>   | <u>0</u>   | <u>15</u>  | <u>61</u>  |
| 15 | <u>36,000</u> | <u>37,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>49</u>  |
| 16 | <u>37,000</u> | <u>38,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>37</u>  |
| 17 | <u>38,000</u> | <u>39,000</u> | <u>0</u> | <u>0</u> | <u>0</u>  | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>25.</u> |

18 E. If a taxpayer's modified gross income is zero,  
19 the taxpayer may claim a credit in the amount shown in the  
20 first row of the table appropriate for the taxpayer's number of  
21 exemptions.

22 F. The tax rebates provided for in this section may  
23 be deducted from the taxpayer's New Mexico income tax liability  
24 for the taxable year. If the tax rebates exceed the taxpayer's  
25 income tax liability, the excess shall be refunded to the

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1 taxpayer.

2 G. For purposes of this section:

3 (1) "dependent" means "dependent" as defined  
4 by Section 152 of the Internal Revenue Code of 1986, as that  
5 section may be amended or renumbered, but also includes any  
6 minor child or stepchild of the resident who would be a  
7 dependent for federal income tax purposes if the public  
8 assistance contributing to the support of the child or  
9 stepchild was considered to have been contributed by the  
10 resident; and

11 (2) "modified gross income" means "modified  
12 gross income" as defined in Section 7-2-2 NMSA 1978 but also  
13 includes the value of food stamp program benefits. "

14 Section 7. A new section of the Income Tax Act is  
15 enacted to read:

16 "[NEW MATERIAL] ADDITIONAL EXEMPTION AMOUNT. --

17 A. An individual may claim an additional exemption  
18 amount as specified in Subsections B, C and D of this section;  
19 provided that the additional exemption amount shall not exceed  
20 an amount equal to the number of federal exemptions multiplied  
21 by three thousand dollars (\$3,000) of income includable, except  
22 for this exemption, in net income. Individuals having income  
23 both within and without this state shall apportion this  
24 exemption in accordance with regulations of the secretary.

25 B. For single individuals:

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1 (1) if the number of federal exemptions is  
2 one, the additional exemption amount shall be three thousand  
3 dollars (\$3,000) less fifteen percent of the amount obtained by  
4 subtracting eight thousand dollars (\$8,000) from the adjusted  
5 gross income;

6 (2) if the number of federal exemptions is  
7 two, the additional exemption amount for each federal exemption  
8 shall be three thousand dollars (\$3,000) less fifteen percent  
9 of the amount obtained by subtracting eleven thousand dollars  
10 (\$11,000) from the adjusted gross income;

11 (3) if the number of federal exemptions is  
12 three, the additional exemption amount for each federal  
13 exemption shall be three thousand dollars (\$3,000) less fifteen  
14 percent of the amount obtained by subtracting fourteen thousand  
15 dollars (\$14,000) from the adjusted gross income;

16 (4) if the number of federal exemptions is  
17 four, the additional exemption amount for each federal  
18 exemption shall be three thousand dollars (\$3,000) less fifteen  
19 percent of the amount obtained by subtracting seventeen  
20 thousand dollars (\$17,000) from the adjusted gross income;

21 (5) if the number of federal exemptions is  
22 five, the additional exemption amount for each federal  
23 exemption shall be three thousand dollars (\$3,000) less fifteen  
24 percent of the amount obtained by subtracting twenty thousand  
25 dollars (\$20,000) from the adjusted gross income;

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1 (6) if the number of federal exemptions is  
2 six, the additional exemption amount for each federal exemption  
3 shall be three thousand dollars (\$3,000) less fifteen percent  
4 of the amount obtained by subtracting twenty-three thousand  
5 dollars (\$23,000) from the adjusted gross income; and

6 (7) if the number of federal exemptions is  
7 seven or more, the additional exemption amount for each federal  
8 exemption shall be three thousand dollars (\$3,000) less fifteen  
9 percent of the amount obtained by subtracting twenty-six  
10 thousand dollars (\$26,000) from the adjusted gross income.

11 C. For heads of household, surviving spouses and  
12 married individuals filing joint returns:

13 (1) if the number of federal exemptions is  
14 one, the additional exemption amount shall be three thousand  
15 dollars (\$3,000) less fifteen percent of the amount obtained by  
16 subtracting twelve thousand dollars (\$12,000) from the adjusted  
17 gross income;

18 (2) if the number of federal exemptions is  
19 two, the additional exemption amount for each federal exemption  
20 shall be three thousand dollars (\$3,000) less fifteen percent  
21 of the amount obtained by subtracting fifteen thousand dollars  
22 (\$15,000) from the adjusted gross income;

23 (3) if the number of federal exemptions is  
24 three, the additional exemption amount for each federal  
25 exemption shall be three thousand dollars (\$3,000) less fifteen

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1 percent of the amount obtained by subtracting eighteen thousand  
2 dollars (\$18,000) from the adjusted gross income;

3 (4) if the number of federal exemptions is  
4 four, the additional exemption amount for each federal  
5 exemption shall be three thousand dollars (\$3,000) less fifteen  
6 percent of the amount obtained by subtracting twenty-one  
7 thousand dollars (\$21,000) from the adjusted gross income;

8 (5) if the number of federal exemptions is  
9 five, the additional exemption amount for each federal  
10 exemption shall be three thousand dollars (\$3,000) less fifteen  
11 percent of the amount obtained by subtracting twenty-four  
12 thousand dollars (\$24,000) from the adjusted gross income;

13 (6) if the number of federal exemptions is  
14 six, the additional exemption amount for each federal exemption  
15 shall be three thousand dollars (\$3,000) less fifteen percent  
16 of the amount obtained by subtracting twenty-seven thousand  
17 dollars (\$27,000) from the adjusted gross income; and

18 (7) if the number of federal exemptions is  
19 seven or more, the additional exemption amount for each federal  
20 exemption shall be three thousand dollars (\$3,000) less fifteen  
21 percent of the amount obtained by subtracting thirty thousand  
22 dollars (\$30,000) from the adjusted gross income.

23 D. For married individuals filing separate returns:

24 (1) if the number of federal exemptions is  
25 one, the additional exemption amount shall be three thousand

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1 dollars (\$3,000) less fifteen percent of the amount obtained by  
2 subtracting six thousand dollars (\$6,000) from the adjusted  
3 gross income;

4 (2) if the number of federal exemptions is  
5 two, the additional exemption amount for each federal exemption  
6 shall be three thousand dollars (\$3,000) less fifteen percent  
7 of the amount obtained by subtracting seven thousand five  
8 hundred dollars (\$7,500) from the adjusted gross income;

9 (3) if the number of federal exemptions is  
10 three, the additional exemption amount for each federal  
11 exemption shall be three thousand dollars (\$3,000) less fifteen  
12 percent of the amount obtained by subtracting nine thousand  
13 dollars (\$9,000) from the adjusted gross income;

14 (4) if the number of federal exemptions is  
15 four, the additional exemption amount for each federal  
16 exemption shall be three thousand dollars (\$3,000) less fifteen  
17 percent of the amount obtained by subtracting ten thousand five  
18 hundred dollars (\$10,500) from the adjusted gross income;

19 (5) if the number of federal exemptions is  
20 five, the additional exemption amount for each federal  
21 exemption shall be three thousand dollars (\$3,000) less fifteen  
22 percent of the amount obtained by subtracting twelve thousand  
23 dollars (\$12,000) from the adjusted gross income;

24 (6) if the number of federal exemptions is  
25 six, the additional exemption amount for each federal exemption

1 shall be three thousand dollars (\$3,000) less fifteen percent  
2 of the amount obtained by subtracting thirteen thousand five  
3 hundred dollars (\$13,500) from the adjusted gross income; and

4 (7) if the number of federal exemptions is  
5 seven or more, the additional exemption amount for each federal  
6 exemption shall be three thousand dollars (\$3,000) less fifteen  
7 percent of the amount obtained by subtracting fifteen thousand  
8 dollars (\$15,000) from the adjusted gross income.

9 E. For the purposes of this section, "federal  
10 exemption" means an exemption allowable for federal income tax  
11 purposes for an individual included in the return who is  
12 domiciled in New Mexico.

13 F. In lieu of the computations required to  
14 determine the amount of the additional exemption provided by  
15 this section, the secretary may adopt regulations allowing the  
16 use of tables to determine the additional exemption amount.  
17 The tables may be established either by regulation or  
18 instruction but shall be computed substantially on the basis of  
19 the computations prescribed in this section."

20 Section 8. APPLICABILITY.--The provisions of this act  
21 apply to taxable years beginning on or after January 1, 2004.